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PP RUEHDBU
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FM AMEMBASSY MOSCOW
TO RUEHC/SECSTATE WASHDC PRIORITY 8979
INFO RUEHDX/MOSCOW POLITICAL COLLECTIVE PRIORITY
RUEHGG/UN SECURITY COUNCIL COLLECTIVE PRIORITY
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY

C O N F I D E N T I A L MOSCOW 001535

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TREASURY FOR A/S O'BRIEN/EDDY

E.O. 12958: DECL: 03/31/2017

TAGS: [PREL](#) [PARM](#) [EFIN](#) [ETTC](#) [IR](#) [RS](#)

SUBJECT: IRAN: SANCTIONS IMPLEMENTATION DECREE STUCK IN
INTERAGENCY PROCESS

REF: A. STATE 38553

[B](#). STATE 377801

[C](#). MOSCOW 1414

[D](#). MOSCOW 1262

[E](#). MOSCOW 1249

[F](#). MOSCOW 754

Classified By: Ambassador William J. Burns. Reasons: 1.4(B/D).

[1](#). (C) We raised implementation of UNSCR 1747 Sanctions against Iran with Petr Illichev, Senior Counselor of the MFA's International Organizations Department. Illichev reconfirmed that Russia intended to move ahead to comply with the provisions of UNSCR 1747 using existing legal authorities, but acknowledged that a formal presidential decree implementing the resolution would await resolution in the GOR interagency process of questions about GOR legal authority.

[2](#). (C) Illichev (please protect) explained that the draft decree to implement the earlier Iran sanctions resolution (UNSCR 1737) remained stuck in the interagency process. (See refs c and d). There was an ongoing dispute between the Foreign Ministry and the Central Bank over whether the law on special economic measures enacted on January 10 provided the GOR with the legal authority to freeze proliferation-related assets. MFA favored a broader interpretation and had suggested that existing Russian legislation making UN Security Council resolutions legally binding was sufficient to provide the necessary legal authority to proceed against suspect accounts. According to Illichev, the Central Bank was digging in its heels, arguing that additional legislation the Duma would need to enact to address the issue of proliferation-related asset seizures. He speculated that the Central Bank was concerned with the possibility that Russian firms that do legitimate business with Iran might have problems with their accounts and could bring legal actions against the Central Bank (arguing that the Bank lacked legal authority to take such steps.)

[3](#). (C) As reported ref (e), Central Bank officials told visiting Treasury Assistant Secretary O'Brien that current anti-money laundering and counter-terrorism financing laws do not furnish a basis for freezing financial assets. A presidential decree enacting UNSCR 1737, according to the Central Bank, would not give sufficient authority to freeze assets.

[4](#). (C) Illichev provided a separate update on the presidential decree implementing the North Korean sanctions resolution (UNSCR 1718). The draft decree had moved out of the interagency process and was with the Prime Minister's office being reviewed by its lawyers. When pressed to explain the difference in treatment between the resolutions,

Illichev candidly admitted that in addition to the timing factor (UNSCR 1718 was adopted in October 2006), the Central Bank was not as concerned about possible legal actions against it because of the low level of business deals with the DPRK compared to Iran. He would not speculate on when Putin might sign any of the decrees, but said it was likely that there would be a single decree on Iran incorporating the provisions of UNSCR 1737 and 1747.

BURNS